



CDSS

JOHN A. WAGNER  
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**

744 P Street • Sacramento, CA 95814 • [www.cdss.ca.gov](http://www.cdss.ca.gov)



ARNOLD SCHWARZENEGGER  
GOVERNOR

August 6, 2009

COUNTY FISCAL LETTER (CFL) 09/10-03

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY FISCAL OFFICERS  
ALL COUNTY AUDITOR CONTROLLERS  
ALL COUNTY PROBATION OFFICERS

SUBJECT: PRELIMINARY CLAIMING INSTRUCTIONS FOR THE  
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)  
EMERGENCY CONTINGENCY FUND (ECF)

This CFL provides County Welfare Departments with preliminary time study and claiming instructions that will allow counties to track expenditures and activities eligible for reimbursement using the TANF ECF subsidized employment funds upon final federal approval. If federal approval is granted, a CFL with the official program and time study codes will be issued as soon as possible so that counties can claim the costs on the September 2009, quarter County Expense Claim (CEC). Until then, counties may use these instructions to internally begin to structure their claiming and time studying. In the event that the California Department of Social Services (CDSS) is not granted federal approval, counties are instructed to continue claiming these costs to existing wage subsidy codes.

A subsequent CFL will be issued regarding claiming of TANF ECF non-recurring short term benefit expenditures.

**American Recovery and Reinvestment Act (ARRA) of 2009**

On February 17, 2009, President Obama signed the ARRA of 2009, establishing the ECF for state TANF programs, i.e. the California Work Opportunity and Responsibility to Kids (CalWORKs) program. ARRA provides new funding to California for basic assistance, subsidized employment programs, and/or non-recurring short term benefits under certain conditions. Through the ECF, California could be reimbursed for 80 percent of expenditures in federal fiscal years (FFYs) 2009, and FFY 2010, that exceed the state's expenditures in the determined base year (either FFY 2007 or FFY 2008). In order to be eligible to receive ECF funds, CDSS would have to maintain and exceed the level of base year expenditures in the base year to draw down ECF funds. ECF funds will cover 80 percent of expenditures exceeding the base, while

counties must fund the remaining 20 percent. For subsidized employment, counties will have four ways to fund the 20 percent that is not reimbursed through ECF, which utilizes county funds/documentated third party contributions, Single Allocation funds, or Fraud Incentives. To ensure the statewide base is met for subsidized employment expenditures, CDSS, the County Welfare Directors Association (CWDA), and county representatives have collaboratively developed a quarterly process to be implemented. An All County Letter (ACL) will be released shortly regarding the subsidized employment TANF ECF implementation.

**Assembly Bill (AB) 98 and TANF ECF**

AB 98, Chapter 589, Statutes of 2007 allowed counties to fund 50 percent of the amount paid to employers for subsidized employment from their county’s Single Allocation and the remainder to be funded outside the county’s Single Allocation with a separate general fund appropriation. CFL No. 07/08-35 instructed counties how to claim wage subsidy costs to the following program identifier numbers (PIN):

PIN	403028	AB 98 Subsidized Employment
PIN	404098	AB 98 Nonfederal Subsidized Employment
PIN	633098	WTW Subsidized Employment
PIN	451098	Nonfederal WTW Subsidized Employment

As part of the collaborative effort to implement the ECF subsidized employment, counties and CDSS have agreed to suspend AB 98 claiming, and the funds previously appropriated for the purposes of AB 98 will be utilized to pay for the TANF ECF subsidized employment base year expenditures. Therefore, effective with the September 2009 quarter, claiming to the codes listed above have been suspended and claiming to AB 98 ineligible as long as funding for TANF ECF is available.

**Base Year Expenditures**

It has been determined that for the subsidized employment program, FFY 2009 and FFY 2010 expenditures would be compared to FFY 2007 expenditures on a quarter by quarter basis. The quarterly process includes the provision that the state will fund 100 percent of the base expenditures if counties, on a statewide basis, meet and exceed the FFY 2007 expenditures (refer to Attachment I for county-specific quarterly breakdowns of the state’s base expenditures). Thus, those counties who had subsidized employment expenditures in FFY 2007 will receive an equivalent amount of their FFY 2009 and FFY 2010 base expenditures funded at 100 percent with state general fund (SGF). Any base county that exceeds their FFY 2007 expenditures in FFY 2009 and FFY 2010 will be reimbursed 80 percent of the portion that exceeds the base with ECF funds. Those counties that did not have subsidized employment expenditures in FFY 2007 will not benefit from the 100 percent state funded base codes, except as described below, but are eligible to receive an 80 percent reimbursement on all their expenditures if the base amount is exceeded statewide.

To ensure the base is met statewide before accessing ECF funds, CWDA has agreed to monitor base counties on a quarterly basis, and contact CDSS prior to the end of each quarter to provide county-specific information for base year amounts. This process must be adhered to in order for the subsidized employment program to be successful. Without CWDA coordination, the state's ECF funds may be at risk.

CWDA and county representatives have also developed a methodology concerning the way in which the state should reallocate the base, in the event a county is not able to meet their base obligation. If a county is unable to meet their base year expenditures, CDWA will recommend, to the state, the method by which the base should be redistributed.

**Claiming Instructions**

Effective with the September 2009 quarter, the following program code (PC) and PIN Code instructions may be established to capture a CalWORKs recipient's wage subsidy costs and any additional administrative costs associated with subsidized employment. According to 45 Code of Federal Regulations (CFR) 263.13, states may not expend more than 15 percent of their total TANF expenditures on administrative activities. In addition, it must be reported separately from non-administrative costs. In order to comply with federal regulations, counties must identify their administrative and non-administrative costs and claim them accordingly. An outline of administrative costs associated with the 15 percent cap can be found at 45 CFR 263.0(b) (1).

**Base Year Codes:**

The following PCs will only be available for those counties who had expenditures in the base year. The implementation plan stated that counties, who contributed to the FFY 2007 base, would have their proportionate share of the base funded at 100 percent for FFY 2009 and 2010 expenditures. In order to meet the base, counties will utilize PC XXX (Admin) or PC YYY (Non-Admin) for claiming base expenditures. If a county did not have a program in the base year but will be allowed to access the 100 percent state funded code, as outlined under the redistribution methodology, CDSS will make this PC available on a quarter by quarter basis. Otherwise, these codes will be blocked for counties who are not base counties.

PC	XXX	ARRA Sub Employ Base - Admin
PIN	XXX028	Work-Related Activities and Expenses
PIN	XXX032	Contracted Service
PIN	XXX098	Wage Subsidies
PC	YYY	ARRA Sub Employ Base - NonAdmin
PIN	YYY028	Work-Related Activities and Expenses
PIN	YYY032	Contracted Service
PIN	YYY098	Wage Subsidies

Costs will be funded at 00/100/00/00 (Federal/State/Health/County).

Non-Base Year Codes for 80 percent and 20 percent claiming:

The following PCs should be used by counties who do not have a base obligation as well as those counties who have additional expenditures above their base. Counties will need to cover the 20 percent with county funds, documented third party contributions, Single Allocation funds, or Fraud Incentive funds. Counties will have the option to claim to the following codes depending on the way in which they choose to fund the 20 percent not covered by the TANF ECF.

Fund with County funds or Documented Third Party contributions:

Counties will claim 100 percent of their wage subsidies and other administrative costs associated with subsidized employment to PC AAA (Admin) or PC HHH (Non-Admin), if they choose to fund the 20 percent with county funds or documented third party contributions. Additionally, counties who provide services to needy families are currently funded with county funds. The forthcoming ACL will expand the population to needy families specifically for services provided under TANF ECF. Counties, who choose to fund this population with TANF ECF can claim to PC AAA or PC HHH and must continue to fund the 20 percent using county funds. Through the use of a State Use Only (SUO) Code, the CEC will shift 20 percent of the costs claimed to PC AAA to SUO Code BBB, and PC HHH to SUO Code III.

PC	AAA	Sub Emp ECF/County - Admin
PIN	AAA028	Work-Related Activities and Expenses
PIN	AAA032	Contracted Service
PIN	AAA098	Wage Subsidies

PC	HHH	Sub Emp ECF/County - NonAdmin
PIN	HHH028	Work-Related Activities and Expenses
PIN	HHH032	Contracted Service
PIN	AAA098	Wage Subsidies

Costs in PC AAA and PC HHH will be funded at 100/00/00/00 (Federal/State/Health/County). Costs moved to SUO Code BBB and SUO Code III will be funded at 00/00/00/100 (Federal/State/Health/County).

Fund with Single Allocation – Federally Eligible population:

Counties will claim 100 percent of their wage subsidies and other administrative costs associated with subsidized employment to PC CCC (Admin) or PC JJJ (Non-Admin), if the recipient is federally eligible under CalWORKs and they wish to fund the 20 percent with their Single Allocation. The CEC will shift 20 percent of the costs claimed to PC CCC to SUO Code DDD and PC JJJ to SUO Code KKK. SUO DDD and SUO KKK will be included in Ledger #076 and tracked against the counties Single Allocation.

PC	CCC	Sub Emp ECF/Single - Admin
PIN	CCC028	Work-Related Activities and Expenses
PIN	CCC032	Contracted Service
PIN	CCC098	Wage Subsidies

PC	JJJ	Sub Emp ECF/Single - NonAdmin
PIN	JJJ028	Work-Related Activities and Expenses
PIN	JJJ032	Contracted Service
PIN	JJJ098	Wage Subsidies

Costs in PC CCC and PC JJJ will be funded at 100/00/00/00 (Federal/State/Health/County). Costs moved to SUO Code DDD and SUO Code KKK will be funded at 100/00/00/00 (Federal/State/Health/County).

Fund with Single Allocation – Non-Federal population:

Counties will claim 100 percent of their nonfederal CalWORKs recipient’s wage subsidies and other administrative costs associated with subsidized employment to PC EEE (Admin) or PC LLL (Non-Admin), if the recipient is not federally eligible under CalWORKs. ECF funds are not allowable for non-federal eligible recipients. Therefore, this code will be funded 100 percent SGF and tracked against your single allocation.

PC	EEE	NonFed Sub. Emp ECF/Single - Admin
PIN	EEE028	Work-Related Activities and Expenses
PIN	EEE032	Contracted Service
PIN	EEE098	Wage Subsidies

PC	LLL	NonFed Sub. Emp ECF/Single - NonAdmin
PIN	LLL028	Work-Related Activities and Expenses
PIN	LLL032	Contracted Service
PIN	LLL098	Wage Subsidies

Costs in PC EEE and LLL will be funded at 00/100/00/00 (Federal/State/Health/County).

Fund with Fraud Incentive funds

Counties will claim 100 percent of their wage subsidies and other administrative costs associated with subsidized employment to PC GGG (Admin) or PC NNN (Non-Admin), if they choose to fund the 20 percent with their Fraud Incentives. To use county fraud

incentives, counties must manually enter the amount, equivalent to 20 percent of the total expenditures claimed, on the DFA 335 fraud incentives page. The claim will not balance and can not be submitted if you utilize PC GGG or PC NNN without inputting 20 percent on the DFA 335.

PC	GGG	Sub Emp ECF/Fraud Inc - Admin
PIN	GGG028	Work-Related Activities and Expenses
PIN	GGG032	Contracted Service
PIN	GGG098	Wage Subsidies

PC	NNN	Sub Emp ECF/Fraud Inc - NonAdmin
PIN	NNN028	Work-Related Activities and Expenses
PIN	NNN032	Contracted Service
PIN	NNN098	Wage Subsidies

Costs in PC GGG and NNN will be funded at 100/00/00/00 (Federal/State/Health/County). Costs reported on the DFA 335 will be funded at 100/00/00/00 (Federal/State/Health/County) and tracked against the county's Fraud Incentives Allocation. If the county does not have sufficient Fraud Incentive Allocation balance to cover the 20 percent, the county will be contacted and will need to move 100 percent of the costs claimed to PC GGG to one of the other ECF codes. It is in the best interest of the county to ensure they have available balance to prevent delays in auditing the CECs.

**Time Study Instructions**

Effective with the September 2009 quarter, counties may be able to time study their time associated with subsidized employment ECF activities to any of the following time study codes (TSC):

TSC	XXX1	ARRA Sub Employ Base - Admin
TSC	AAA1	Sub Emp ECF/County - Admin
TSC	CCC1	Sub Emp ECF/Single - Admin
TSC	EEE1	NonFed Sub. Emp ECF/Single - Admin
TSC	GGG1	Sub Emp ECF/Fraud Inc - Admin
TSC	YYY1	ARRA Sub Employ Base - NonAdmin
TSC	HHH1	Sub Emp ECF/County - NonAdmin
TSC	JJJ1	Sub Emp ECF/Single - NonAdmin
TSC	LLL1	NonFed Sub. Emp ECF/Single - NonAdmin
TSC	NNN1	Sub Emp ECF/Fraud Inc- NonAdmin

These TSC include, but are not limited to, activities related to a county's subsidized employment program, such as, work site recruitment and development, placement, case management services, and program oversight.

Support staff performing direct-to-program activities associated with the subsidized employment program, will time study to any of the following direct-to-program codes:

A1	ARRA Sub Employ Base - Admin
A2	Sub Emp ECF/County - Admin
A3	Sub Emp ECF/Single - Admin
A4	NonFed Sub. Emp ECF/Single - Admin
A5	Sub Emp ECF/Fraud Inc - Admin
A6	ARRA Sub Employ Base - NonAdmin
A7	Sub Emp ECF/County - NonAdmin
A8	Sub Emp ECF/Single - NonAdmin
A9	NonFed Sub. Emp ECF/Single - NonAdmin
A10	Sub Emp ECF/Fraud Inc - NonAdmin

**Advances and Reconciliation**

Advances for ECF may only be made once we receive the funds from the federal government and corresponding Budget authority is available in CDSS accounts. If these conditions are met, advances may be made to the counties. To meet the needs of the September 2009 quarter's advance, a new advance methodology is being coordinated by CWDA based on each county's estimated expenditures for this quarter and if both conditions are met by September 1, 2009.

The subsequent quarters' advances will be based on the actual expenditures reported in the September 2009 quarter's CEC. Advances will be reconciled when the quarterly CEC is received and audited. Any offsets, positive or negative, will be adjusted in the next month's advance. As actual expenditures become available, advances will be based on those actual expenditures. Therefore, counties should make sure that expenditures are claimed on their original quarter CEC.

**Outstanding Issues**

Due to the CEC requirement of Cash Basis Claiming, only costs paid in the September 2010 quarter can be claimed on the September 2010 CEC. CDSS is currently discussing options for claiming costs for Subsidized Employment for those services incurred prior to September 30, 2010, but not paid until after September 30, 2010. Additionally, due to the timing of information must be submitted to the United States Department of Health and Human Services/Administration for Children and Families, no adjustments will be allowed for the adjustment quarters of March 2010, June 2010, or September 2010.

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Further discussions are needed to determine if ECF funds will be available retroactively for the October 2008, through June 2009 quarters.

If you have any questions regarding this CFL, please direct them to Fiscal Systems Bureau electronic mailbox at [fiscal.systems@dss.ca.gov](mailto:fiscal.systems@dss.ca.gov).

Sincerely,

***Original Document Signed By:  
Kären Cagle for***

ERIC FUJII  
Deputy Director  
Administration Division

Enclosure

**Attachment 1**  
**Subsidized Employment - County Expenditures<sup>1</sup>**

<b>Counties</b>	<b>Oct 06 - Dec 06</b>	<b>Jan 07 - Mar07</b>	<b>Apr 07 - Jun 07</b>	<b>Jul 07 - Sept 07</b>	<b>FFY 2007</b>
ALAMEDA					
ALPINE					
AMADOR					
BUTTE					
CALAVERAS					
COLUSA					
CONTRA COSTA					
DEL NORTE					
EL DORADO					
FRESNO					
GLENN					
HUMBOLDT	85,984	109,610	127,130	144,909	467,633
IMPERIAL					
INYO					
KERN			492,509		492,509
KINGS					
LAKE					
LASSEN					
LOS ANGELES	234,188	355,254	304,491	273,571	1,167,504
MADERA	46,945	56,121	78,141	55,400	236,607
MARIN					
MARIPOSA					
MENDOCINO					
MERCED					
MODOC					
MONO					
MONTEREY					
NAPA					
NEVADA					
ORANGE					
PLACER					
PLUMAS					
RIVERSIDE					
SACRAMENTO					
SAN BENITO					
SAN BERNARDINO	575,952	756,276	714,164	853,463	2,899,854
SAN DIEGO					
SAN FRANCISCO				146,976	146,976
SAN JOAQUIN					
SAN LUIS OBISPO					
SAN MATEO					
SANTA BARBARA					
SANTA CLARA					
SANTA CRUZ					
SHASTA					
SIERRA					
SISKIYOU					
SOLANO					
SONOMA					
STANISLAUS					
SUTTER					
TEHAMA					
TRINITY					
TULARE					
TUOLUMNE					
VENTURA					
YOLO					
YUBA					
<b>Statewide</b>	<b>943,068</b>	<b>1,277,261</b>	<b>1,716,435</b>	<b>1,474,319</b>	<b>5,411,083</b>

SOURCE: County Expense Claim Direct Cost Report dated 3/17/09, LA adj received In 3/2009, and Santa Cruz, Humboldt, and Madera adj received in 4/2009.

<sup>1</sup>includes 20% administrative cost assumption